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IN REPLY  
REFER TO DCMC-BC

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS  
COMMANDERS, CONTRACT ADMINISTRATION OFFICES

SUBJECT: Integrating Management Control Reviews (MCRs) and Unit  
Self-Assessments (USAs)

Responses to the Unit Self-Assessment (USA) questionnaire from the Atlanta Commander's Conference in November included comments about the need for integrating DCMC assessment tools. The USA and Internal Operations Assessment (IOA) both received very favorable comments - with the USA rated four or higher on a six point scale by 77 percent of responding commanders. Conversely, returned questionnaires were critical of overlaps among multiple assessment tools.

All assessment methods are being reviewed. Process, frequency, and scope of the various assessment tools are being considered for ways to reduce overlaps without increasing risk. In the interim, the following suggestions (indicated by bold type) for integrating USAs and MCRs are offered:

a. Management Controls are the process checks and balances established by the One Book and other organizational directives and instructions to mitigate internal performance risk in the execution of contract administration and support functions. Management Control Reviews (MCRs) are a systematic approach to internal self-assessment of management controls under the DoD Management Control Program. MCRs identify management control weaknesses and support the Process Management Category of the USA (Category 6 in 1998) and, in turn, the Annual Statement of Assurance. IOAs indicate that CAOs are not using MCRs to their full potential. **CAOs should use MCRs as a risk-based independent internal assessment function to ensure performance reliability. MCRs should be phased throughout the fiscal year in a manner that supports the Annual Statement of Assurance. An IOA review of a particular process is considered to fulfill a CAO's scheduled MCR for the next twelve months for that process.**


b. The USA is a systematic approach for internal review of management systems that focuses on process improvement and customer satisfaction. **CAOs should avoid "awards style" USAs and focus on brief (even bulletized) process descriptions and substantive analysis. USAs need not be totally self-contained**

and may take advantage of the results of other reviews such as MMRs, MCRs, and IOAs. For instance, the "Results" category may be supported with Monthly Management Review (MMR) and Command Operations Briefing (COB) displays where appropriate. An IOA is considered to fulfill a CAO's USA requirement for the next six months. A DCMC oriented supplement to the 1998 DLA Criteria for Performance Excellence is being developed. Vendor software (BaSE) distributed in 1997 may be upgraded directly from the vendor (I<sup>n</sup> Technology, 719-531-9680) for approximately \$55 per copy.

c. The Annual Statement of Assurance (ASA) is required under DOD's Management Control Program. DCMC's implementation is intended to channel all assessment results described above into the annual certification. We have initiated an action to streamline our ASA process. **CAOs should use the results from all assessment processes to support their Annual Statement of Assurance.**

USAs must focus on process improvement and customer satisfaction. However, there is some evidence that USAs continue to be driven by awards programs. For this reason, and to ensure Command representation of DCMC, CAOs will not prepare awards applications without prior consultation with the District and DCMC Commanders.

As indicated above, all assessment methods are being reviewed. Headquarters Executive Directors and field commanders are working to consolidate and improve assessment processes. In the interim, guidance provided above should help us assess "smartly and efficiently."



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Commander